

WASHINGTON — In a rare bipartisan compromise, Congress approved a two-year, \$168-billion economic stimulus package Thursday that will send rebate checks to millions of low- and middle-income Americans, including senior citizens and disabled veterans. The measure, which came after a concession by ... WASHINGTON — In a rare bipartisan compromise, Congress approved a two-year, \$168-billion economic stimulus package Thursday that will send rebate checks to millions of low- and middle-income Americans, including senior citizens and disabled veterans.

The measure, which came after a concession by Senate Democrats who had demanded substantially more aid, could become law as soon as next week.

Rebate checks should begin arriving in mailboxes in May.

"This plan is robust, broad-based, timely, and it will be effective," President Bush said in a statement.

Bush, whose administration was unusually open to negotiating with congressional Democrats, called it "an example of bipartisan cooperation at a time when the American people most expect it."

The stimulus legislation cleared the Senate, 81 to 16, after Democrats gave up their attempt to pressure GOP lawmakers into backing a more expansive package. Hours later the House, which had passed a smaller stimulus bill last month, approved it, 380 to 34.

"What counts is the result," said Senate Finance Committee Chairman Max Baucus (D-Mont.), who helped lead the Democratic drive for a larger package. "This is a big victory."

The action came amid mounting evidence of an impending recession. Last month, the economy lost jobs for the first time in more than four years.

The Federal Reserve has moved to ease credit and increase the money supply by slashing interest rates five times since summer, including a rare emergency cut in mid-January.

Congress controls the other major public levers of economic influence: government spending and taxes. And for nearly a month, lawmakers debated how to put more cash into the hands of consumers.

Under the terms of the package, single filers will get a maximum \$600 rebate, which will phase out for taxpayers with adjusted gross incomes between \$75,000 and \$87,000.

Married couples will get a maximum \$1,200 rebate, which will phase out between \$150,000 and \$174,000 in income.

In addition, parents will get \$300 for each child.

With the Senate vote, more than 20 million senior citizens living on Social Security -- as well as about 250,000 disabled veterans and spouses of deceased disabled veterans -- who were not covered in the House package will be eligible for the rebate checks.

The stimulus legislation also will provide a series of tax breaks designed to spur businesses to invest in new equipment to help them expand in the economic slowdown.

And to make it easier for homeowners in states with high housing costs -- such as California -- to refinance, the measure includes a one-year increase in the size of mortgages that can be backed by the government. It increases the limits on Fannie Mae and Freddie Mac to \$729,750 from \$417,000 for loans made between July 31, 2007, and Dec. 31, 2008.

The Senate measure -- co-sponsored by senior Democrats and Republicans -- includes restrictions to ensure that illegal immigrants do not get rebate checks.

The stimulus package will probably give the economy at least a small jolt, experts said. But some economists think it could have been improved by more direct spending instead of business tax breaks.

"It's not an optimal package," said Jared Bernstein, an economist with the Democratic-leaning Economic Policy Institute. "From the perspective of bang for the buck, you could have crafted a more effective package."

Bernstein said research showed that business tax incentives were the least effective means of stimulating the economy; extending unemployment benefits was the best.

For every dollar spent on business tax incentives, the economy gains 27 cents of growth, he said, whereas a dollar of unemployment benefits leads to \$1.64 of economic growth.

Last month, the nonpartisan Congressional Budget Office said direct aid to low-income Americans through unemployment benefits and food stamps was more effective than tax rebate checks for quickly pumping money into an ailing economy.

But there was fierce GOP resistance to extending unemployment benefits, which many Republicans argued would discourage jobless Americans from looking for work.

In the end, the stimulus bill was as much a political document as an economic one.

The effort to craft a package began as a quickly negotiated deal among House Speaker Nancy Pelosi (D-San Francisco), House Minority Leader John A. Boehner (R-Ohio) and Treasury Secretary Henry M. Paulson.

As debate shifted to the Senate two weeks ago, the fate of that agreement seemed in doubt. Democrats tried for two weeks to add billions of dollars of additional aid over the objections of many Republicans and House Democratic leaders.

On Wednesday evening, Democrats forced a vote on their more costly alternative, which would have extended unemployment benefits, given more tax breaks to renewable energy producers and provided aid to those struggling to pay their heating bills.

It also would have sent rebate checks to senior citizens and disabled veterans.

An effort by Senate Majority Leader Harry Reid (D-Nev.) to bully Republican lawmakers failed. He had warned they would pay a political price for opposing the additional assistance. Democrats won just eight GOP votes for their package, one shy of the 60-vote supermajority required to overcome a filibuster.

Wednesday's vote set off a flurry of activity at the Democratic Senatorial Campaign Committee, which immediately issued a news release excoriating Republican senators for voting against senior citizens and others.

The vote drew an acid response from AARP, the main advocacy group for retirees, whose chief lobbyist, David Sloane, said, "We expect the Senate to fix this."

By Thursday, Pelosi was openly questioning the tactics of Senate Democrats. "I don't think any change in the bill is really worth the delay," she said at a Capitol news conference.

Senior Senate Democrats consulted the White House on Thursday morning to find out whether the president would support rebates for senior citizens and disabled veterans. By midafternoon, Reid went to the floor of the Senate to announce the deal.

In the Senate, 46 Democrats -- including Californians Barbara Boxer and Dianne Feinstein -- voted for the measure, as did 33 Republicans, including presidential candidate John McCain of Arizona, and two independents. Democratic presidential candidates Hillary Rodham Clinton of New York and Barack Obama of Illinois missed the vote.

In the House, most of the Californians supported the stimulus plan. **Republicans John Campbell (Irvine), Duncan Hunter (Alpine), Dan Lungren (Gold River), Dana Rohrabacher (Huntington Beach) and Ed Royce (Fullerton) voted against it.**

Despite the bipartisan deal, Reid kept the political pressure on Republicans. "They are following this president off a cliff," he said.

But Reid acknowledged that he could not continue to hold up the stimulus legislation in an attempt to force more Republicans to break. "We would rather have had a more robust package," he said. "But we had to finish this quickly."